



## **IFC Announces First Private Equity Fund for Investments In Renewable Energy and Energy Efficiency**

WASHINGTON, D.C., March 24, 2000 - The International Finance Corporation has joined with several other private and public sector groups to invest in the Renewable Energy and Energy Efficiency Fund (REEF), the first global private equity fund devoted exclusively to investments in renewable energy and energy efficiency projects. The fund will invest up to US\$100 million in these projects and is intended to stimulate investment in environmentally friendly energy technologies in the developing world.

The fund will target the ample opportunities for investment in grid-connected renewable energy technologies such as small-scale hydroelectric plants, geothermal power plants, biomass-fueled power plants or cogeneration units, and wind farms. It will also invest in off-grid renewable energy projects and energy efficiency projects. The fund's investments will be limited to projects with total capital costs below \$100 million, and will also include a deliberate focus on smaller projects, using GEF co-financing where appropriate.

A feasibility study financed by IFC and a number of its shareholders, including the governments of France, Germany, the Netherlands, Norway, and the United States, conservatively estimated the potential market for such projects to be at least \$2 billion over the next five years.

The fund, which is now operational, was pioneered by IFC and IFC is the lead investor. The fund will be advised by the EIF Group with assistance from Environmental Enterprises Assistance Fund and Energy House Capital Corporation. Other investors in the fund include: Alliant Energy Renewable Resources Ltd., DEG – Deutsche Investitions und Entwicklungsgesellschaft mbH, Finnish Fund for Industrial Cooperation Ltd., John Hancock Life Insurance Company, Nuon Renewables International and Vlaamse Milieuholding N.V.

The Fund will be supported by a parallel discretionary debt facility of up to \$100 million consisting of an IFC A-loan of up to \$20 million and up to \$80 million in B-loans. Dresdner Kleinwort Benson will arrange the syndication of the B-loans under the discretionary debt facility and will manage the debt facility. The Fund will also have access to a unique co-financing arrangement with up to \$30 million in concessional funds supplied by the Global Environment Facility (GEF). GEF is an official financing mechanism of the UN Framework Convention on Climate Change. IFC will also play an important role in the management of the debt facility and administration of the GEF funds.

GEF CEO and Chairman Mohamed T. El-Ashry said the private sector would play the key role in providing most of the technology and financing to mobilize new renewable energy investments that can help mitigate the rapid growth in emissions of greenhouse gases (GHG) globally.

The Director of IFC's Power Department, Vivek Talvadkar, called the fund an important new instrument to address the need for focused, but flexible, approaches to stimulating further investments in privately developed and financed renewable energy projects. He said the goal of

the fund is to encourage others to engage more actively in this sector and to follow with their own investments.

Mr. Andreas M. Raczynski, Director of IFC's Technical and Environment Department, said that all of the fund's projects would embody low- or no-GHG emitting energy technologies, making it a model for assembling an environmentally friendly energy investment portfolio that is oriented to climate change mitigation.

The mission of IFC, part of the World Bank Group, is to promote private sector investment in developing countries, which will reduce poverty and improve people's lives. IFC finances private sector investments in the developing world, mobilizes capital in the international financial markets, and provides technical assistance and advice to governments and businesses.

Contacts:

IFC Corporate Relations  
(202) 473-6005  
Director  
E-mail: [ifc-newsroom@ifc.org](mailto:ifc-newsroom@ifc.org)

GEF External Relations  
(202) 458-7597  
E-mail: [sswift@worldbank.org](mailto:sswift@worldbank.org)